

CHAPTER XIV

MISCELLANEOUS CAUSES AFFECTING THE PRICES OF SECURITIES

THE importance of the conviction that the values of securities depend upon ascertainable causes—furnishing accordingly a helpful means to decisions and serenity of judgment—suggests a fragmentary collection of other determining conditions besides those which have been described in minuter detail. It will be observed generally, that, as in nature, the causes which influence prices usually act not singly, but in closer or slighter conjunction.

The dearness or cheapness of coal depresses or advances the values of the shares of shipping and railway companies, and those of manufacturing industries. Debenture stocks and preference shares, of course, remain unaffected, since their interest is fixed by contract. It was publicly announced in the early part of 1908 that in consequence of a rise in the cost of coal the coal bill of the Caledonian Railway had increased from £151,000 a year in 1898 to £360,000 in 1907, while in the Cunard Shipping Company an additional charge of *1s.* or *1s. 6d.* per ton would augment the yearly cost for coal by £100,000. (*See Note, p. 186.*)

Unfavourable weather obviously influences railway traffic, and its prolonged continuance will temporarily depress the values of the shares. This effect is more pronounced in the light or passenger lines than in the heavy or goods lines, since in the former the trains must be prepared to start, and must start, whether the passengers be few or many, while in the latter the number of trains and trucks employed can be adjusted to the materials (according to the energy or feebleness of trade) which it can be reasonably ascertained are likely to be carried.